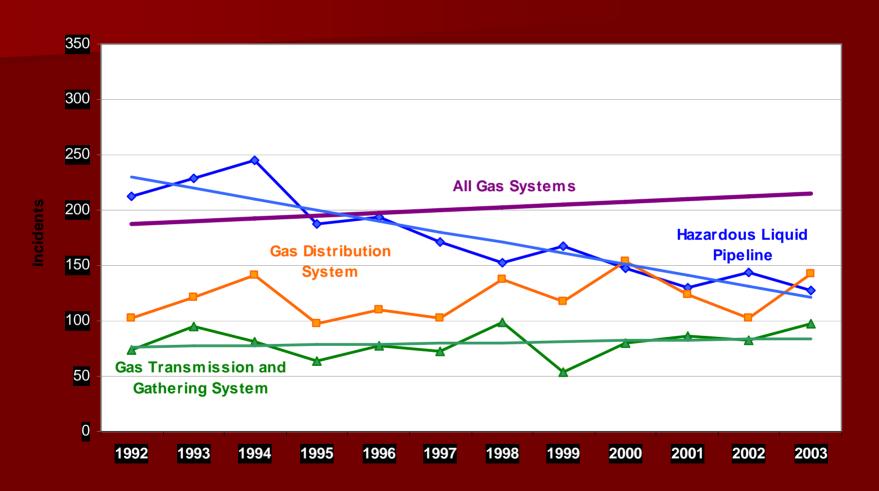
Distribution Integrity Management Programs (DIMP)

Distribution Integrity Management – Why?

- IM Rules for hazardous liquid and gas transmission followed major accidents
- The number of incidents on distribution systems consistently exceeds transmission
- Number of fatalities on distribution consistently much higher

Office of Pipeline Safety All Pipeline Incidents



Transmission Incidents

Year	Incidents	Fatalities	Injuries	Property
1994	81	0	22	\$45,170,293
1995	64	2	10	\$9,957,750
1996	77	1	5	\$13,078,474
1997	73	1	5	\$12,078,117
1998	99	1	11	\$44,487,310
1999	54	2	8	\$17,695,937
2000	80	15	18	\$17,868,261
2001	86	2	5	\$23,610,883
2002	82	1	5	\$25,483,569
2003	97	1	8	\$39,988,153

Distribution Incidents

Year	Incidents	Fatalities	Injuries	Property
1994	141	21	91	\$53,260,166
1995	97	16	43	\$10,950,673
1996	110	47	109	\$16,252,842
1997	102	9	67	\$12,493,163
1998	137	18	64	\$19,055,118
1999	118	16	80	\$25,913,658
2000	154	22	59	\$23,398,834
2001	124	5	46	\$14,071,486
2002	102	9	45	\$23,744,202
2003	143	11	58	\$22,293,833

Distribution IM - What?

- Distribution is not Transmission
 - Not designed for ILI
 - Tendency to fail as leaks
 - Gas Migration important
 - Corrosion "incidents" less prevalent, but corrosion causes many leaks
- "What?" Remains a major question

Distribution Infrastructure Industry-Government Team (DIGIT)

- American Gas Foundation (AGF) commissioned study of incident trends
- Study included survey of selected operators
- DIGIT was formed to consider the AGF study, and other info, to help define "What?"

DIGIT

- 6 Industry members (1 municipal)
- 6 State regulators (5 OPS Regions + NARUC)
- AGA, APGA, OPS participate as observers

DIGIT

- DIGIT met three times;
 - January, April, and September '04
- Reviewed draft output for AGF study
- Recommended additions to scope and possible analytical changes to assure that all relevant issues are addressed
- AGF released final report February '05

DIGIT

- Areas under further AGF review include
 - Consideration of leak data in addition to incidents
 - Identification of beyond-regulatory programs now undertaken by distribution operators
- DIGIT officially disbanded January '05

Distribution IM – What? (again)

- Decisions on Distribution IM requirements will be made by regulators with industry participation
- OPS will work with NAPSR
- Unique issues and potential impacts will be considered
- DIGIT recommendations will be used

DIMP Structure

- Steering Team
- Coordinating Team

- Task Teams
 - Risk Control
 - Strategic Options
 - Data
 - Excavation Damage Prevention

Distribution IM – When?

■ DIMP met March 29-31, 2005

■ Meeting scheduled for May '05

■ Report to Congress due May '05

Proposed regulatory action likely in late-2005 or more likely 2006